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Encl. #1

E X T R A C T S

THE CIA AND NATIONAL ORGANIZATION FOR INTELLIGENCE  
(A Report to the National Security Council)

1 January 1949

Page 10, par 2.

Accordingly, these three operating offices should have common administrative services, separate from those of the balance of the Central Intelligence Agency.

Page 10, par 3.

The new 'Operations Division' would be self-sufficient as to administration and semi-autonomous.

Page 11, par 1.

The principal defect of the Central Intelligence Agency is that its direction, administrative organization and performance do not show sufficient appreciation of the Agency's assigned functions,

Page 11, par.3.

There is one over-all point to be made with respect to the administration of the Central Intelligence Agency. The organization is over-administered in the sense that administrative considerations have been allowed to guide and, on occasion, even control intelligence policy to the detriment of the latter. Under the arrangements proposed in this report, the heads of the newly constituted Coordination, Estimates, Research and Reports, and Operations Divisions would be included in the immediate staff of the Director. In this way the Director, who at present relies chiefly on his administrative staff, would be brought into intimate contact with the day-to-day operations of his agency and be able to give policy guidance to them.

Page 22, last par.

The powers given to the National Security Council and the Central Intelligence Agency under Section 102 of the Act establish, in our opinion, the framework for a sound intelligence service for this country. Accordingly, we do not suggest any amendments to the Act and believe it would be unwise to tamper with this legislation until we have had further experience in operating under it.

Page 23, 2nd par.

As one recommendation designed to offset the disadvantages of over-centralization in intelligence, we later propose in this report that the branches of the Central Intelligence Agency which are directly engaged in clandestine activities, such as secret intelligence, counter-intelligence, secret operations and the like, be given a great measure of autonomy as to internal administration, the control of their operations and the selection of personnel.

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Page 32, 2nd par.

It is for these reasons that we are opposed to proposals for increasing the degree of administrative centralization in the Central Intelligence Agency.\* (Reference to G.O. [ ] dtd 14 Sept 1949. General Order No. [ ] provides for the centralization under an Executive for Administration [ ] (former Executive for Administration and Management) of all budget, services, personnel and management functions, both overt and covert. This measure is, in our opinion, unsound and contrary to the principles advocated in this report.) In particular, the administrative problems associated with secret work abroad are of such an unconventional character that they need to be given special treatment.

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Page 32, 3rd par.

Administrative arrangements which do not at first sight appear to be efficient or economical may be necessary in the Central Intelligence Agency. Personnel requirements for certain types of work cannot conform to normal Civil Service standards, and the demands of security often impose special and unusual procedures. This situation must be understood not only by those responsible for the internal organization of the Central Intelligence Agency but also by Congress and the Bureau of the Budget.

Page 32, 4th par.

The charge is sometimes made that there are too many administrative personnel and that the Central Intelligence Agency organization is top heavy in this respect. The Executive for Administration and Management and the Executive for Inspection and Security together represent a large number of personnel totaling over [ ] This figure does not include personnel performing administrative functions in other parts of the organization. However, regardless of the criticism directed against numbers, criticism should be properly directed against policies and procedures.

25X9A2

Page 33, 1st par.

The Central Intelligence Agency appears to have no serious budgetary problem and is favored by adequate Congressional support. The budget proposals, as approved by the Director, are submitted each year with the authorization of the National Security Council to the Bureau of the Budget where they are handled by one official who has full security clearance. Then the budget is supported before special sub-committees of the Appropriations Committee of the two Houses of Congress. After approval, arrangements are made with the Bureau of the Budget so that

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Page 33, 2nd par.

Both Congress and the Bureau of the Budget have refrained from examining in detail the internal workings of the Central Intelligence Agency in order to determine the justification for the budget. It is important that such discretion and security be continued and that special treatment be accorded. However, in order to justify this, it is necessary that the National Security Council continuously assure itself as to the proper management and operations of the Central Intelligence Agency, serving as the informed sponsor of the Agency and  protector of its security.

Page 34, 1st par.

In summary, we believe that the present arrangements for handling the difficult question of the budget for the Central Intelligence Agency are sound and that the Agency has not been hampered in carrying out its present responsibilities by lack of funds.

Page 35, 4th par.; Page 36, 1st 3 lines

We believe that other steps can also be taken toward an improvement of security. There should be greater flexibility in the Central Intelligence Agency's organization by distinguishing between those functions which are written into the statute and hence are public and those whose existence, and certainly whose operations, should remain secret. The two should be administratively and functionally separated, and appropriate concealment should be given to the secret activities as discussed below.

Page 37, 2nd par.

On the whole, morale within the Central Intelligence Agency is not good. The chief reasons appear to be uncertainty as to the future of a career in intelligence, the widespread criticism of the performance of the Central Intelligence Agency and dissatisfaction with leadership. Among the civilians there is a realization that military personnel who come and go occupy many of the key positions; and among some of the military personnel there is often discontent arising from a lack of interest in intelligence and a belief that a tour of duty in the Central Intelligence Agency will not lead to Service advancement.

Page 37, 3rd par.

Delay in obtaining security clearances has caused particular difficulty in recruiting personnel. Although the security of its personnel needs to be beyond question, procedures and restrictions should not be so rigid that security is obtained only by sacrificing talent, imagination and initiative.

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Page 37, 4th par.

There is a relatively high proportion of Service personnel in key positions in the Central Intelligence Agency. Although this figure has decreased over the past year, Service personnel still occupy the three top positions. In certain instances, officers have been accepted for responsible positions who are without adequate intelligence experience or aptitude. There are the further drawbacks that Service personnel are in many cases assigned for a brief tour of duty, preventing continuity.

Page 37, 5th [ ], Page 38, 1st 3 lines

It is, of course, important that highly qualified Service personnel be included in responsible positions where they can use their particular background and training, and work for the close association of the Central Intelligence Agency and the Services. However, we believe that the proportion of Service personnel now in key positions is too high.

Page 38, 2nd par.

In our terms of reference, we are asked to submit our findings and recommendations as to the "utilization and qualifications of Central Intelligence Agency personnel". It is difficult to make any sweeping judgment on this subject. The Central Intelligence Agency is large, sprawling organization which combines many diverse functions and has correspondingly difficult personnel requirements. Moreover, the organization has grown fast, and, in many cases, quantity has been attained at the expense of the quality of the personnel selected. Many able persons have left the organization and few qualified ones have been attracted to it. On the higher levels, quality is uneven and there are few persons who are outstanding in intelligence work.

Page 38, 3rd par.

An appraisal of the directing personnel of the Central Intelligence Agency and of general administrative policies goes so much to the heart of this Survey and we reserve discussion of these questions until a later chapter.

Page 38, 4th par.

The centralization of all administration in one office is undesirable since secret operations require their own separate administration.

Page 39 (5)

The placing in key positions of a large percentage of military personnel, many of them on relatively short "tour of duty" assignment, tends to discourage competent civilian personnel from looking to employment in the Central Intelligence Agency as a career.

Page III, last three lines

Arrangements exist for the assignment of headquarters personnel to the field, and vice versa, although a comprehensive program for rotation of personnel has not yet been worked out.

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Page 111, 2nd par.

As we mentioned in Chapter III, consideration is now being given in the Central Intelligence Agency to the removal of all of these services except for central files, cover and documentation, and communications to the Executive for Administration where they would be beyond the direct authority and control of the Assistant Director for Special Operations.

Page 116,

Is a  such a central organization devoted to cover operations, centralizing administrative services should be established under the single chief of covert activities, and should not be identified with or combined with the administrative arrangements made for the balance of the Central Intelligence Agency. The covert organization thus established should, in particular, undertake its own personnel recruitment, using the facilities of the personnel section of the Central Intelligence Agency only insofar as they appear to serve the purpose of the covert organization.

Page 136, 2nd par.

Administrative policies within the Agency contribute to this situation. The internal organization does not reflect an appreciation of the Agency's several distinctive yet inter-related missions under the National Security Act. In fact, the scheme of organization tends to blur and impede the performance of the organization's essential intelligence functions under the Act. The Directorate has given positions of pre-eminence to officials who are primarily administrators yet exert policy control over the intelligence Offices without being qualified to do so. There is little close consultation on intelligence and policy matters between the various stratified levels. Although the heads of the several Offices are allowed considerable latitude in conducting their respective operations, they do not share substantially in the determination of over-all policy.

Page 138, par. 3 & 4

The directing staff of the Central Intelligence Agency has not demonstrated an adequate understanding of the mandate of the organization or the ability to discharge that mandate effectively.

Administrative organization and policies tend to impede the carrying out of the essential intelligence functions of the Central Intelligence Agency under the Act.

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